



STATE BOARD
OF EQUALIZATION

Fuel Taxes Newsletter

June 2000

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You Can Now Pay by Electronic Funds Transfers (EFT)

It is now possible to make payments for certain special tax and fee programs by electronic funds transfers, rather than through the use of paper checks. To participate, you must complete an authorization agreement form for each special tax or fee account you wish to register for EFT. Your request to participate is subject to Board approval.

Once you are registered, you can make prepayments, return payments, and accounts receivable payments electronically. Even though you pay by EFT, you must continue to file your tax or fee returns on time.

For more information, please contact the division that administers your particular program. Your division will send you information about payment method options and payment

instructions, along with the required authorization agreement form.

You can contact us by e-mail through our website address, www.boe.ca.gov, or you can call one of the following numbers between 8 a.m. and 5 p.m. Pacific time, Monday through Friday:

Environmental Fees Division • 916-322-9534

Hazardous Waste Disposal Fee

Environmental Fee

Activity Fee

Facility Fee and Tiered Permit Fees

Generator Fee

Occupational Lead Poisoning Prevention Fee

Ballast Water Management Fee

Excise Taxes Division • 916-327-4208

Alcoholic Beverage Tax

Emergency Telephone Users Surcharge

Energy Resources Surcharge

Integrated Waste Management Fee

Tire Recycling Fee

Tobacco Products Tax

Fuel Taxes Division • 916-322-9669

Aircraft Jet Fuel Tax

Motor Vehicle Fuel License Tax

Childhood Lead Poisoning Prevention Fee

Underground Storage Tank Maintenance Fee

Diesel Fuel Tax

Use Fuel Tax

Oil Spill Response, Prevention, &
Administration Fees

Annual Taxpayers' Bill of Rights Hearings Scheduled

Each year, the Members of the Board of Equalization hold public hearings to give taxpayers, tax professionals, and other interested parties the opportunity to comment on the tax and fee programs administered by the Board. If you would like to suggest ways to improve our services, or if you want us to look more closely at a tax or fee issue, you are encouraged to present your ideas at these hearings.

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Issued semiannually
Copies available at
www.boe.ca.gov

Although you do not need to be scheduled in advance to speak at the hearing, it would help us to prepare if you contacted us beforehand to let us know your topic. If your proposal is complex or extensive, we encourage you to submit it in advance and then summarize it in your oral presentation.

Sacramento

Board of Equalization Headquarters 450 N Street, 1st Floor Board Room

Business Tax Hearing

Wednesday, November 1, 2000, 2:00 p.m.

Property Tax Hearing

Wednesday, December 13, 2000, 2:00 p.m.

Culver City

Board of Equalization District Office 5901 Green Valley Circle, Suite 207

Business Tax and Property Tax Hearing

Wednesday, November 29, 2000, 1:30 p.m.

To notify us of a topic you wish to discuss or to send written material in advance, please contact the

Taxpayers' Rights Advocate MIC:70
Board of Equalization
PO Box 942879
Sacramento, CA 94279-0070
Call toll-free: 1-888-324-2798
FAX: 916-323-3319

Offers in Compromise Available

The Board has created a new Offers in Compromise (OIC) Section in Sacramento. The new section has been formed to centralize and expedite the processing of such offers.

What is an offer in compromise?

An offer in compromise is an offer to pay less than the full amount of a tax or fee liability that remains unpaid after a business has closed. You can make such an offer if you

- No longer have an active account with the Board of Equalization;
- Cannot pay the full amount of a tax or fee liability in a reasonable time; or
- Do not dispute the amount of the tax or fee liability

How do I apply?

You must complete an *Offer In Compromise Application* (form BOE-490). To obtain a copy of the form, call 1-800-400-7115, or download the form from the Internet at www.boe.ca.gov/pdf/490.pdf.

Submit your application, along with supporting documentation, to the Fuel Industry Section. They will forward your request to the Offers in Compromise (OIC) Section for evaluation.

The OIC Section will strive to process your offer and provide a decision within 90 days of receiving your completed application, documentation, and deposit of funds.

Offers are subject to approval by the Attorney General's Office, or its designee. An offer will not be approved if there are assets or income available to pay off the debt. A stipulated judgment must be filed and filing fees are at the expense of the debtor. A collateral agreement may be required.

International Fuel Tax Agreement

You Need To Maintain Records That Support Your IFTA Tax Reports

Fuel and mileage data that are reported on your IFTA tax reports must be supported by adequate records. The following types of records are important, especially when they are used to support requests for credits or refunds for tax-paid fuel and nontaxable uses of fuel.

Distance Records. You must record miles traveled to substantiate operations in interstate and intrastate travel. Supporting information for *each individual vehicle trip* should include: date of trip (starting and ending); trip origin and destination (including city and state); routes of travel; beginning and ending odometer readings; total trip miles; distance by jurisdiction; and vehicle identification number or unit number.

Retail Over-the-Road Fuel Purchases. You must maintain complete records for all fuel *purchased, received, and used* in the conduct of your business. Separate totals must be compiled for each fuel type, by jurisdiction.

Your fuel records must contain all of the following information: date of purchase; name and address of the seller; number of gallons or liters purchased; type of fuel purchased; price per gallon or liter; total amount of sale; and the unit number of the vehicle into which the fuel was placed.

The record must be supported by original receipts.

Bulk Fuel. To obtain credit for withdrawals from licensee-owned, tax-paid bulk storage, the following records must be maintained: date of withdrawal; number of gallons or liters withdrawn; fuel type; unit

number of the vehicle; and purchase and inventory records showing that tax was paid on the bulk fuel purchases.

Other Types of Records. You should also maintain the following types of records that support your IFTA tax reports:

- Equipment lists that show fleet vehicles (type and model year),
- Department of Transportation log books,
- Short- and long-term lease contracts, and
- Federal income tax returns that have depreciation schedules showing company vehicles.

Your records listed above should be maintained in California and must be kept for a period of *four* years from the due date of your quarterly tax report, or the date the report was filed, whichever is later.

For more information, please see publication 50, *California IFTA Guide to the International Fuel Tax Agreement*, or call 916-322-9669.

Why It Is Important To Report the Miles Driven Within an IFTA Jurisdiction

You must track and report mileage *within each IFTA jurisdiction* so that fuel taxes will be properly allocated. For example, if all fuel is purchased in California, and miles are traveled in Arizona and California, then each state is allocated the taxes for the fuel used within its jurisdiction.

Diesel Fuel Tax Law

Claims for Refund for Sales to the United States Government

The Diesel Fuel Tax Law provides for an exemption from the diesel fuel tax for sales to the United States Government and its agencies and instrumentalities. The methods for claiming a refund are described below.

Suppliers of diesel fuel. You may take a credit on your tax return for any bulk sales or sales made through your company-owned service stations. To support the exemption, you must have a purchase order or a valid contract on file authorized by the United States Government.

All other wholesalers of diesel fuel. You may file a claim for refund pursuant to Diesel Fuel Tax Law section 60501, for exempt sales made to the United States Government and its agencies and instrumentalities. Your sales must have been made by way of a

government-issued credit card or bulk deliveries pursuant to a contract or purchase order authorized by the United States Government. For sales made through cardlocks or service stations, claims for refund may only be filed by the operator of the cardlock or service station which made the exempt sale. An exception to this would be when the credit card contract provides that title to the fuel is passed prior to the fuel being placed in the customer's fuel tank. Jobbers who may be responsible for processing credit card sales on branded cards made by the operator of the cardlock or service station may not file a claim for refund. Jobbers may only claim a refund for transactions at cardlocks or service stations that they operate. An indirect claim for refund by the supplier of the diesel fuel to the cardlock or service station operator is not allowed.

If you have any questions regarding the handling of sales to the United States Government and its agencies and instrumentalities, please contact the Fuel Industry Section at 916-322-9669.

New and Amended Regulations

Several new or amended regulations have been added to the fuel taxes programs within the last six months. The following is a summary of the regulations that have become effective in 2000.

Motor Vehicle Fuel License Tax Law

Regulation 1132. Shipments Out of the State (effective February 20, 2000). Defines an "export" and "carrier" for purposes of the Motor Vehicle Fuel License Tax Law. The regulation further details the requirements for claiming an export exemption as well as the documentation that must accompany the return on which the exemption is claimed. Please note that the distributor has the burden of providing the proper substantiation and documentation to support the exemption or credit.

Underground Storage Tank Maintenance Fee Law

(All regulations are effective January 8, 2000.)

Regulation 1201. Definitions. Defines "gallon," "operator," "petroleum," and "underground storage tank" as they relate to the Underground Storage Tank Maintenance Fee Law.

Regulation 1212. Liability for Fee. Explains that the owner of the underground storage tank is responsible for the fee and that the liability for the fee cannot be contracted away. The fee is due on all gallons of

petroleum products placed into the underground storage tank—whether or not the owner gave consent for the petroleum to be placed in the tank or the petroleum was removed and redeposited into the same tank and fees were previously reported and paid. If the owner is unable to obtain information from the operator regarding the gallons of petroleum placed into the underground storage tanks, section 50159 of the Revenue and Taxation Code allows the Board to provide to the owner otherwise confidential information obtained from the operator of the underground storage tank to the extent that the information is necessary for assessment, administration, and verification of the fee.

Regulation 1213. *Payment of Fee by Operator.* For the convenience of the owner and operator, and to facilitate payment of the fee by the operator on behalf of the owner, this regulation provides for the Board to mail fee returns and any notices for the owner of the underground storage tank account to the operator. To allow the Board to mail fee returns and notices to the operator, both parties must execute notarized forms in a form as required by the Board. These forms are also used by an owner and operator to request that the Board transfer any fee paid by the operator to the owner's account. Until such request is made, the owner remains liable for payment of the fee, penalties, and interest without credit for fees paid by the operator, and the operator may request a refund of the amounts paid by him. To request these forms you may contact the Fuel Industry Section at 916-322-9669. They are also available on the Board of Equalization website, www.boe.ca.gov.

Regulation 1220. *Exemption from Fee.* The Underground Storage Tank Maintenance Fee does not apply to

- The State of California, or any of its agencies or departments;
- The United States Government and its agencies or instrumentalities whether incorporated or unincorporated, or by any corporation wholly owned by the United States;
- Banks and other financial institutions;
- Insurance companies; or
- Any person of Indian descent who is entitled to receive services as an Indian from the United States Department of the Interior when the underground storage tank is located upon an Indian reservation, including rancherias, or any land held

by the United States in trust for any Indian tribe or individual Indian.

Regulation 1248. *Relief from Liability.* This regulation outlines the relief from liability for the payment of the Underground Storage Tank Maintenance Fee, including any penalties and interest added to those fees, when the liability resulted from the feepayer's reasonable reliance on written advice given by the Board. Written advice may only be relied upon by the person to whom the advice was originally issued or a legal or statutory successor to that person. The regulation goes on to define "written advice" as well as to describe the two different types of written advice, in written correspondence or in a prior audit.

Regulation 1271. *Records.* This regulation defines the types of records that qualify as adequate records under the Underground Storage Tank Maintenance Fee and the duration the records must be retained. In summary, a feepayer shall maintain and make available for examination on request by the Board, all records necessary to determine the correct Underground Storage Tank Maintenance Fee liability and all records necessary for the proper completion on the returns.

For More Information

Fuel Taxes Division. If you have questions or comments, call us at 916-322-9669, or write to: Fuel Taxes Division, MIC:30; State Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0030.

Internet. Visit us at www.boe.ca.gov to obtain information on tax rates, publications, legislation, regulations, telephone numbers, education programs, public meetings, and so forth.

Tax Evasion Hotline. To report suspected tax evasion, please call toll-free, 1-888-334-3300.

Copies of Legislative Bills. Write to the Legislative Bill Room, State Capitol, Room B-32, Sacramento, CA 95814. Or visit the following website: www.leginfo.ca.gov. The Bill Room does not provide copies of Board forms or publications.

Taxpayers' Rights Advocate. If you need help with a problem you have been unable to resolve at other levels, please contact the Advocate's office for assistance. Call 1-888-324-2798.